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SAPC - 11123
Copy 4 of 7

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November 27, 1956

Lockheed Aircraft Corporation
Burbank
California

Re: Contract SC-56

Dear Hal:

In reference to your communication dated 2 November 1956, which contained a limited breakdown of the "Travel and Other Direct Charges" billed on your Invoice No. 10-5, dated October 12, 1956, we find the information contained therein insufficient to permit exact determination that the costs are either admissible or nonadmissible. We shall continue as in the past to make payment against your invoices as claimed inasmuch as they are progress billings and are subject to site audit at a future date. Should the audit disclose that certain adjustments are in order, they can be made upon completion of the audit.

Two items of expense under the heading "Cost of Living Allowances" seem to bear a bit of probing at this time. (1) "Establishment of Funds" ($6,050.00). Are these funds of the revolving type established for certain incidentals? If so, then should not the expenses be billed as they are incurred rather than charging the funds off as an expense at the time the account was established? (2) "Reimbursement of Expenditures". Could these expenditures be those incurred through the funds established and then reimbursement made to the funds? Possibly this amount ($2,653.47) is correctly chargeable as an expense item; however, the funds (imprest) would remain at the amounts established, thereby negating the charge to expense of the amounts originally employed to establish the fund.

At your convenience we would appreciate a brief answer to the questions raised in the second paragraph.

Very truly yours,

Doug

Distribution:
0 & 1 - Addressee
3 - [redacted]
4 - SC-56
5 - [redacted] Master
6 - Reading (Fin)
7 - Chrono

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